

# Investor Presentation

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May 10, 2019

**POPE**



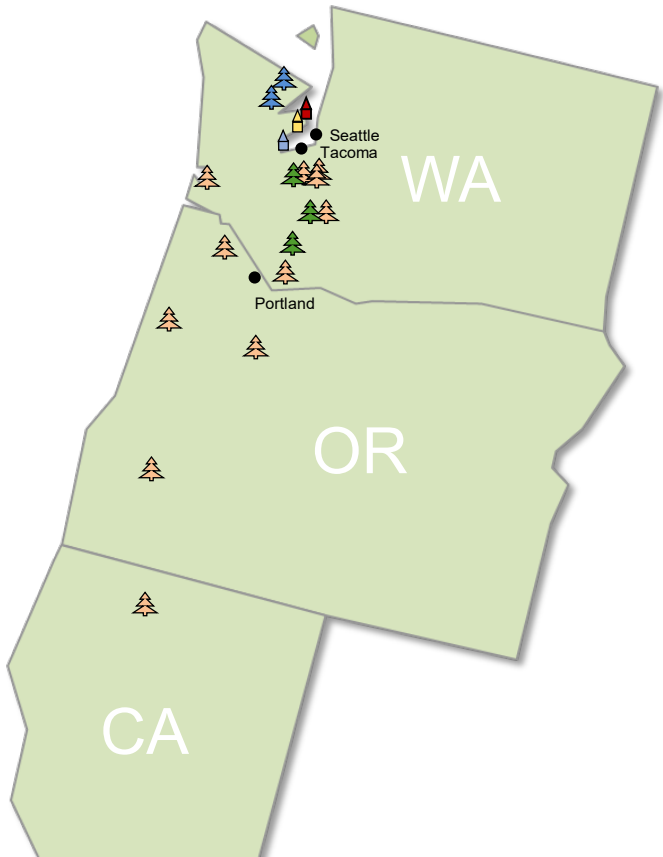
# Safe Harbor Statement

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This presentation contains forward-looking statements, which are subject to various risks and should not be relied upon as predictions of future events or promises of a given course of action. Some of the forward-looking statements include statements about our future distribution yield and the related effects of federal tax law, our sustainable harvest levels, our future private equity fund activities, our estimates for future remediation costs and environmental liabilities at Port Gamble, transportation patterns and other factors that affect our real estate values, and our expectations about the time and costs of completing real estate sales. A number of important factors could cause actual results to differ materially from those described in the forward-looking statements. Some of these factors include environmental issues affecting our properties and our ability to anticipate the actions of regulators, environmental groups, and other parties that might affect our remediation efforts; changes in forestry, land use, environmental, and other governmental regulations; risk of loss from fires, insect infestations, or tree diseases; changes in economic conditions and competition in our domestic and export markets; and other factors described from time to time in our filings with the Securities and Exchange Commission. In particular, readers should consider those risk factors that are detailed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019. Forward-looking statements speak only as of the date made, and neither Pope Resources nor its management undertakes any obligation to update or revise any forward-looking statements.

# Pope Resources Overview

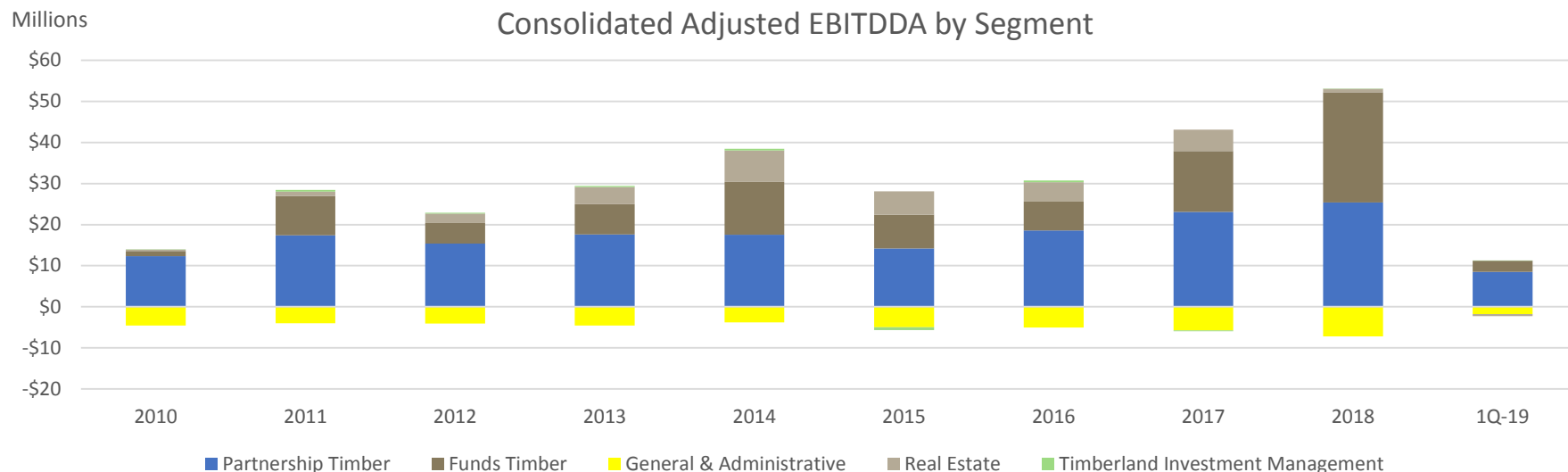
- Publicly traded master limited partnership (NASDAQ: POPE)
- 165-year history through its predecessor (Pope & Talbot) of owning and managing timberlands and development properties in the Pacific Northwest (PNW), our area of focus and expertise
- Partnership portfolio: 120,000 acres of timberland and 2,000 acres of development property in Washington
- Three timber funds: 141,000 acres of timberland in Washington, Oregon, and California
- Four complementary business segments working together to maximize the value of our timberland and real estate assets
- Units offer opportunity to realize an attractive distribution yield (currently at ~6.0%) that produces favorable after-tax returns attributable to MLP structure



Timberland	Real Estate
Hood Canal Tree Farm	Harbor Hill (Gig Harbor)
Columbia Tree Farm	Port Gamble
Fund Tree Farms	Arborwood

# PNW Focused Timberland and Real Estate Company

Segments	Partnership Timber	Funds Timber	Timberland Investment Management	Real Estate
<b>Description</b>	Direct ownership and management of 120,000 acres of Partnership timberlands in western Washington	Co-investment and on-the-ground management of 141,000 acres of Fund timberlands	Investment management of three private equity timber funds with total assets under management of \$545 MM	2,000 acres (including over 800 entitled lots) of development & commercial properties in west Puget Sound
<b>2018 Adjusted EBITDDA<sup>1</sup></b>	\$25.4 MM	\$26.9 MM	\$0.1 MM	\$0.8 MM
<b>1Q-2019 Adjusted EBITDDA<sup>1</sup></b>	\$8.5 MM	\$2.7 MM	\$0.1 MM	(\$0.5) MM

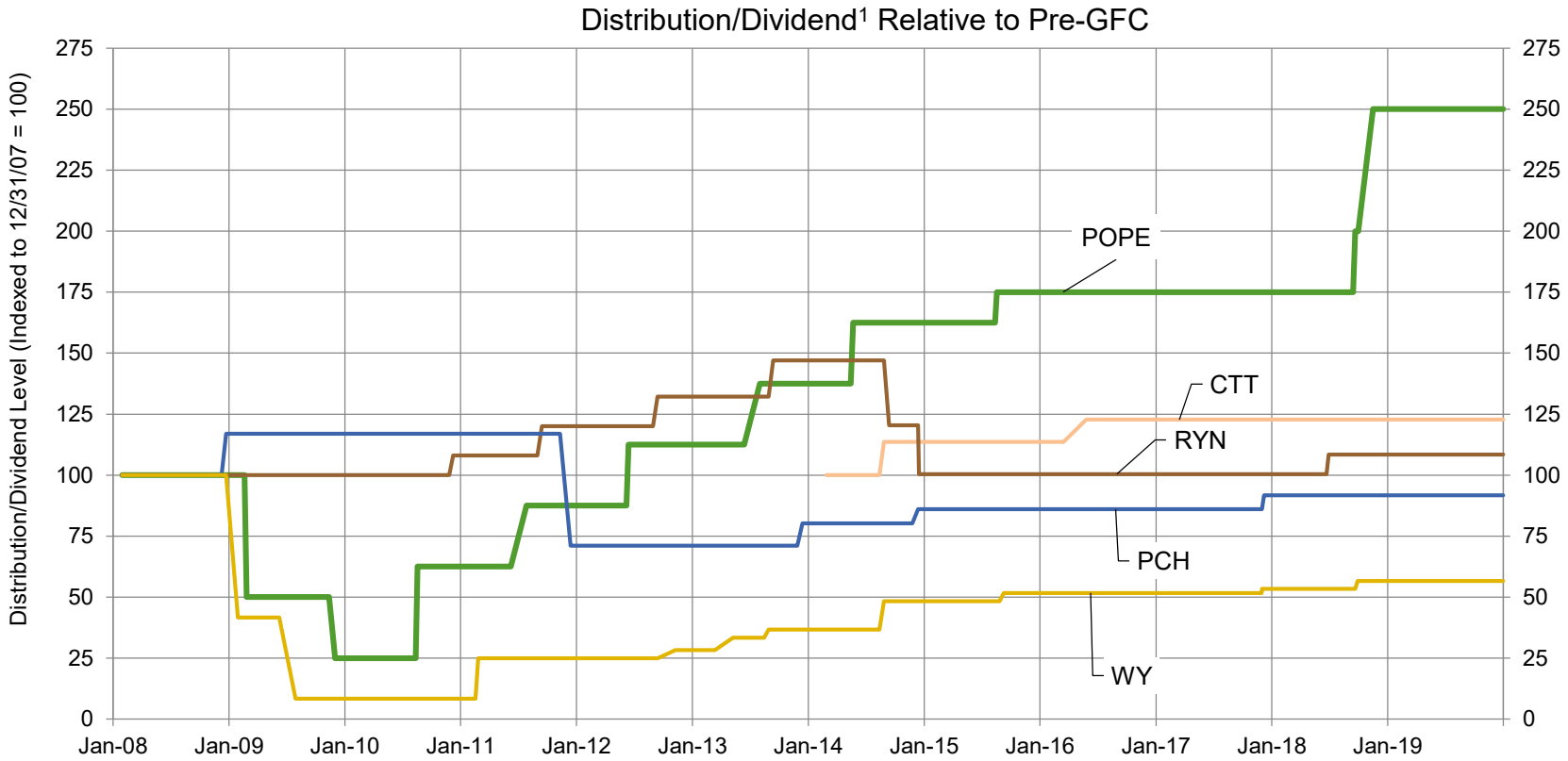


<sup>1</sup>See Glossary of Terms in Appendix A for definition of non-GAAP "Adjusted EBITDDA".

# Strong Recovery in Distribution since GFC

Units offer opportunity to realize an attractive distribution yield that produces favorable after-tax returns attributable to MLP structure

- Distribution is currently at annual rate of \$4.00 per unit (~6.0% yield)
- A 10x increase since the Global Financial Crisis (GFC)



<sup>1</sup>Excludes WY's special dividend of \$26.42 upon REIT conversion in July 2010, RYN's special dividend of \$0.50 upon RYAM spinoff in July 2014, and PCH's special dividend of \$3.54 in November 2018 following DEL merger.



# MLP Structure: Attractive After-Tax Yields

- Capital gains and ordinary losses are passed through to an MLP owner and beneficially impact that owner's income at different tax rates
- The appreciated value of sold timber is reported as income that is taxed at capital gain rates; depending on the owner's tax situation, that capital gain rate will range from 0% to 20%
- Remainder of business activity generally reported as an ordinary loss, which can offset other forms of ordinary income (like W-2 wages) and result in an overall lower effective tax rate to a unitholder
- REITs do not enjoy the rate arbitrage provided by POPE via the passthrough of ordinary losses; instead REITs are only taxed on the characterization of their dividends

	Tax Impact to Individual of POPE Units			Proforma Tax Impact as a REIT		MLP Tax Savings Versus a REIT
	2018 Tax Year	Top Tax Rate <sup>2</sup>	Tax (Cost)/Benefit	Top Tax Rate	Tax (Cost)/Benefit	
Pope Resources K-1 (per unit) <sup>1</sup>						
Ordinary loss	(\$6.32)	37.0%	\$2.34			
Capital gain-timber	7.88	20.0%	(1.58)			
Capital gain-land	0.96	20.0%	(0.19)			
Interest income	0.03	37.0%	(0.01)			
<b>Total</b>	<b>\$2.55</b>		<b>\$0.56</b>	<b>20.0%</b>	<b>(\$0.51)</b>	<b>\$1.07</b>

<sup>1</sup>Income components provided above are at an aggregate level. Each unitholder's allocation of income will be different depending on the date and price at which POPE units were purchased.

<sup>2</sup>Rates in this column reflect Federal income tax rates presented at the highest ordinary (37%) and long-term capital gain (20%) rates. Certain individuals may be subject to an additional 3.8% Net Investment Income Tax, which is not shown above. Taxpayers should seek independent advice from a tax professional, as these materials are provided for general informational purposes only.



# Partnership Timber / Funds Timber

## Strategy

Long-term value creation from PNW timberlands through active management and disciplined acquisitions to optimize the overall portfolio



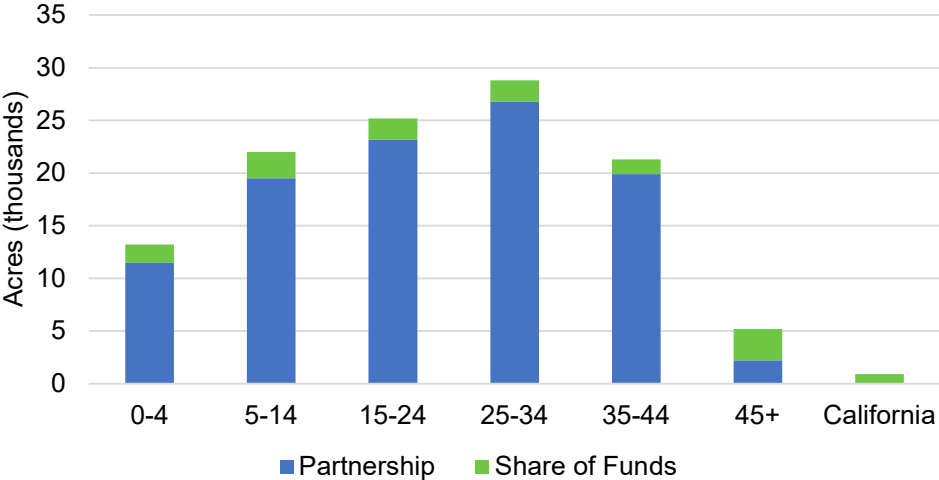
## Highlights

- Thoughtful growth through co-investment in our private equity timber funds and small tract acquisitions
- Partnership annual sustainable harvest of 57 million board feet (MMBF), with additional opportunistic harvest in response to markets
- Access to diverse log markets throughout the PNW

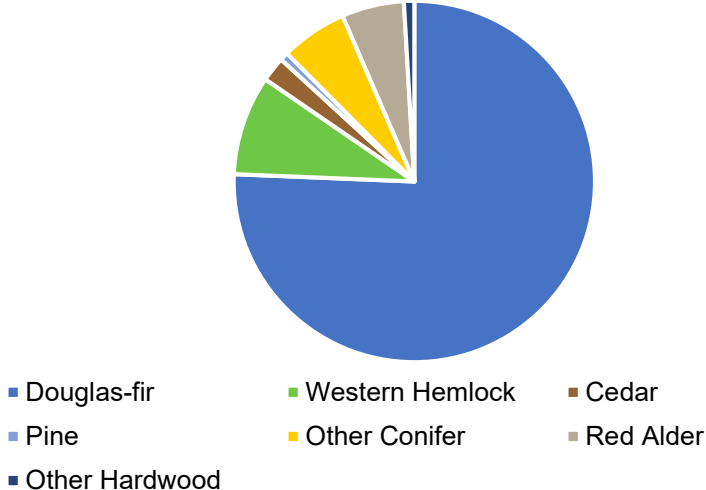
# Timber Portfolio Overview

	Partnership Timber	Funds Timber	Look-through <sup>1</sup>
<b>Acres</b>	120,000	141,000	137,000
<b>Average Site Index (DF 50)</b>	116'	109'	116'
<b>2018 Adjusted EBITDDA</b>	\$25.4 MM	\$26.9 MM	\$28.5 MM
<b>1Q-2019 Adjusted EBITDDA</b>	\$8.5 MM	\$2.7 MM	\$8.8 MM

Look-through Net Acres by Age Class<sup>2</sup>



Look-through Merchantable Volume by Species<sup>2</sup>



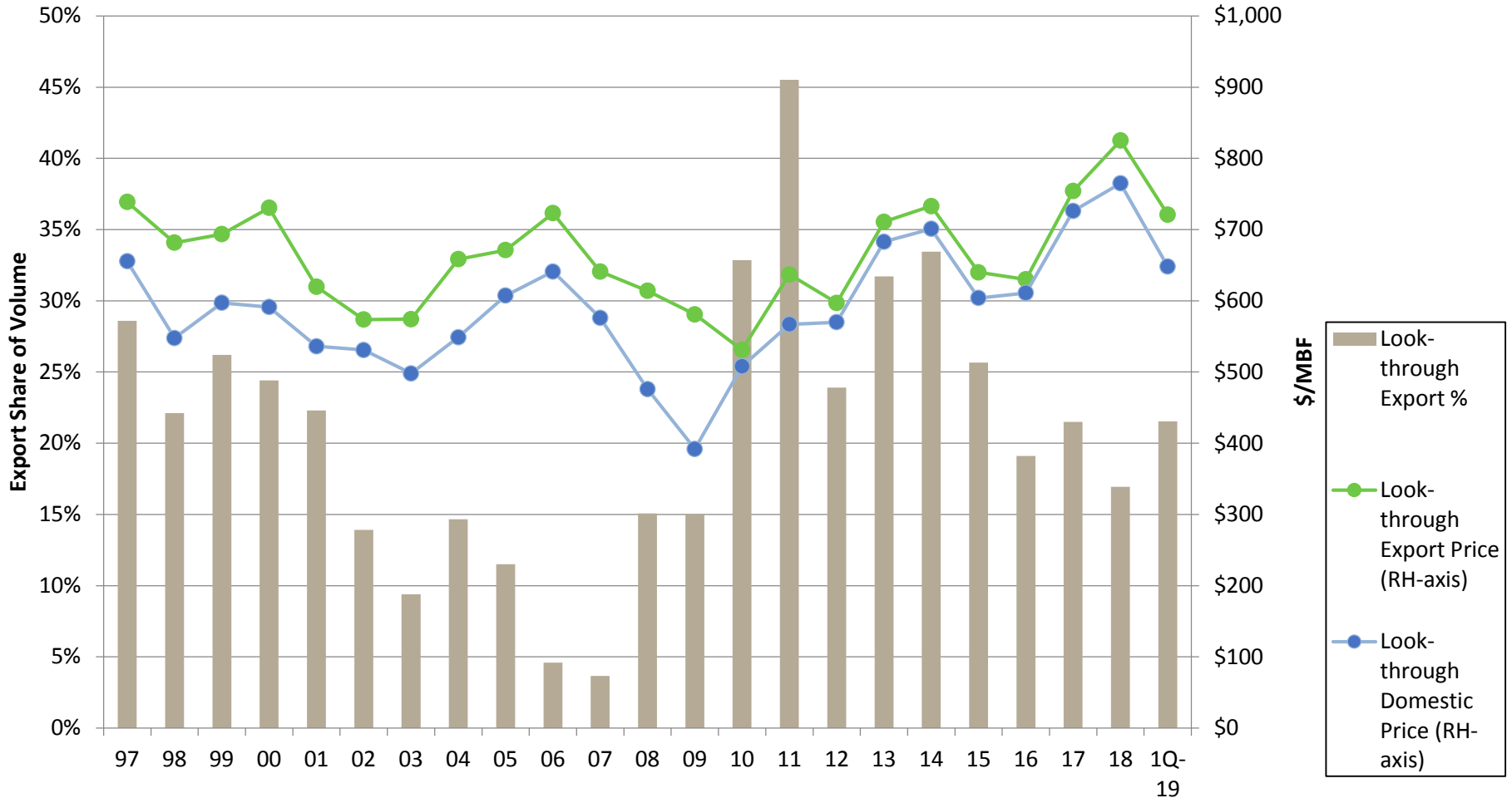
<sup>1</sup>See Glossary of Terms in Appendix A for definition of non-GAAP “Adjusted EBITDDA” and “Look-through”.

<sup>2</sup>As of 12/31/18. Does not include 2019 Fund IV acquisition which added, on a look-through basis, 852 net acres and 3 MMBF of merchantable volume.



# Log Market Diversification

- Domestic market is driven by lumber demand from continued housing recovery and repair and remodel activity
- Export sales provide market diversification for Douglas-fir and whitewood sawlogs



Source: US Census Bureau, POPE

# Increasing Sustainable Harvest from Acquisitions

## Strategy

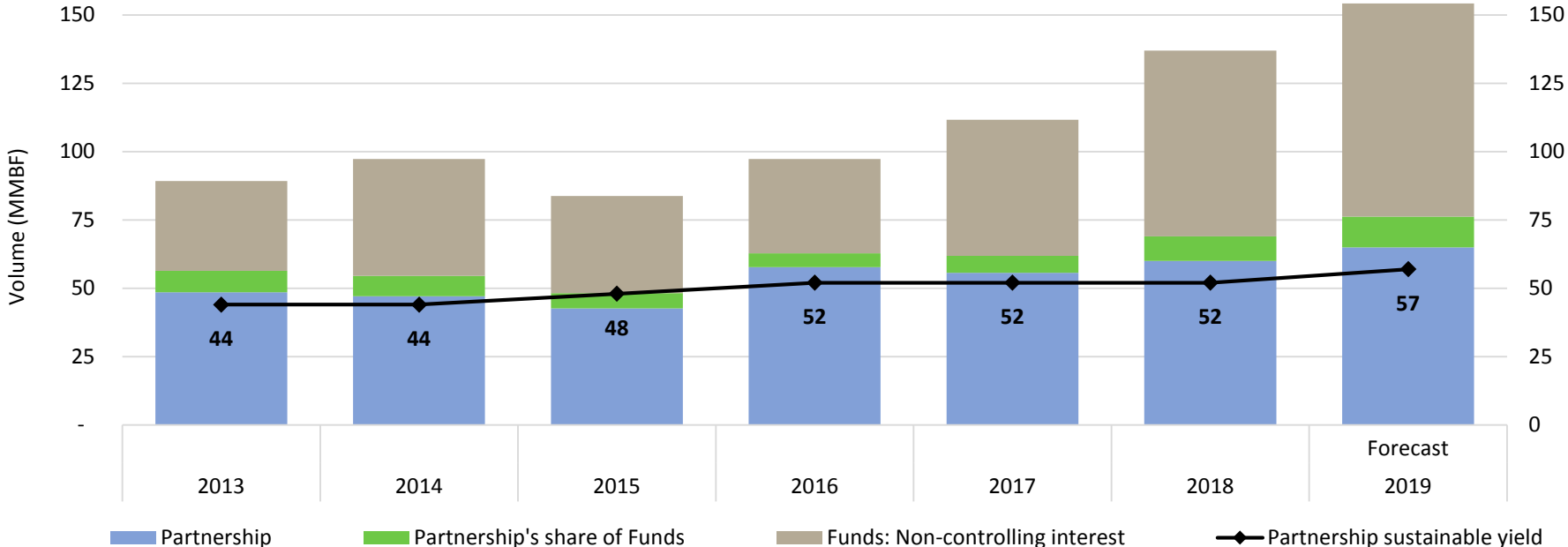
- Increase Partnership land base, sustainable yield, and improve age class profile
- Part of repositioning portfolio out of north Kitsap County
- Use of tax-efficient 1031 exchange funds

## Results

- Exploring opportunities in 2019, but nothing has closed yet
- From 2014-18, Partnership acquired 7,210 acres for \$27.7 million, or \$3,841 per acre
- In addition, in 2016 the Partnership acquired the Carbon River tree farm which consists of 7,324 acres for \$31.9 MM
- These acquisitions have resulted in two increases in our sustainable harvest volume:
  - From 48 MMBF to 52 MMBF in 2016 following Carbon River acquisition
  - From 52 MMBF to 57 MMBF in 2019 due to cumulative effect of other acquisitions

# Partnership Harvest Levels

- Sustainable harvest level for the partnership increased 10% to 57 MMBF in 2019 primarily due to the addition of small tract acquisition acres to the long-term plan
- Additional volume from small tract acquisitions and Real Estate portfolio (4 MMBF in 2017, 8 MMBF in 2018, and 8 MMBF projected in 2019) allow us to respond to market conditions without impacting long-term harvest levels
- Continued growth in partnership's share of harvest from Funds' timberlands contributes significant volume (6 MMBF in 2017, 9 MMBF in 2018, and 11 MMBF projected in 2019)



# Timberland Investment Management

## Strategy

Sponsor, co-invest, and manage private equity vehicles holding a diverse portfolio of high-quality PNW timberland while improving the Partnership's economies of scale and generating recurring fee revenue



## Highlights

- \$3.4 MM in annual recurring asset management fee revenue
- \$545 MM in assets under management across 141,000 acres in Washington, Oregon, and northern California
- \$221 MM of committed capital remaining

# Private Equity Timber Funds

(\$ in millions)	Timber Funds	Partnership Share of Funds
Current acres	141,000	17,000
Location	Washington, Oregon, California	Washington, Oregon, California
Cumulative paid-in capital <sup>1</sup>	\$430	\$51
Cumulative distributions <sup>1</sup>	\$106	\$17
Current value (AUM)	\$545	\$66
Current Fund debt	\$57	\$7
Carried interest <sup>2</sup>	(\$12.0)	\$12.0
Remaining committed capital	\$221	\$33
IRR <sup>3</sup>	6.8%	9.5%

Through an alignment with like-minded timberland investors, we have been able to leverage our expertise in the PNW to:

- Diversify the Partnership land base across geographies, log markets, and time periods
- Create economies of scale in management of the Partnership assets
- Dramatically improve our acquisition and retention of talent

<sup>1</sup>Of current Funds (II, III, IV) as of 3/31/2019

<sup>2</sup>Carried interest is not paid to POPE until the investors have received, in cash, all of their paid-in capital plus a preferred return annualized. This is unlikely to happen until a timber fund's properties are sold and the proceeds are distributed to investors. \$12.0 million represents the carried interest that would have been due to POPE had the Fund II properties been sold on 3/31/2019 at their appraised value. The Fund II term does not end until March 2021.

<sup>3</sup>As of 3/31/2019, includes Fund I which sold its assets in 2014

# Drawdown of ORM Timber Fund IV

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ORM Timber Fund IV is a club account structure with four long-term institutional timberland investors plus the Partnership's co-investment totaling \$388 million of committed capital

- Drawdown period of 3 to 5 years started January of 2017
- Investment term is 15 years following the end of the drawdown period

Successfully placed \$167 million of capital in four PNW timberland properties

- 20,000 acres of timberland in southern Oregon which is expected to generate strong cash flow over the next five years
- 33,400 acres (in three separate transactions) of timberland in western Washington with great access to domestic and export markets

Actively working to place remaining \$221 million of committed capital, including Pope Resources' \$33 million co-investment, in PNW timberland

# Real Estate

Bainbridge Landing



## Strategy

Leverage expertise and reputation to create and harvest value of Real Estate portfolio through diverse entitlement and development strategies

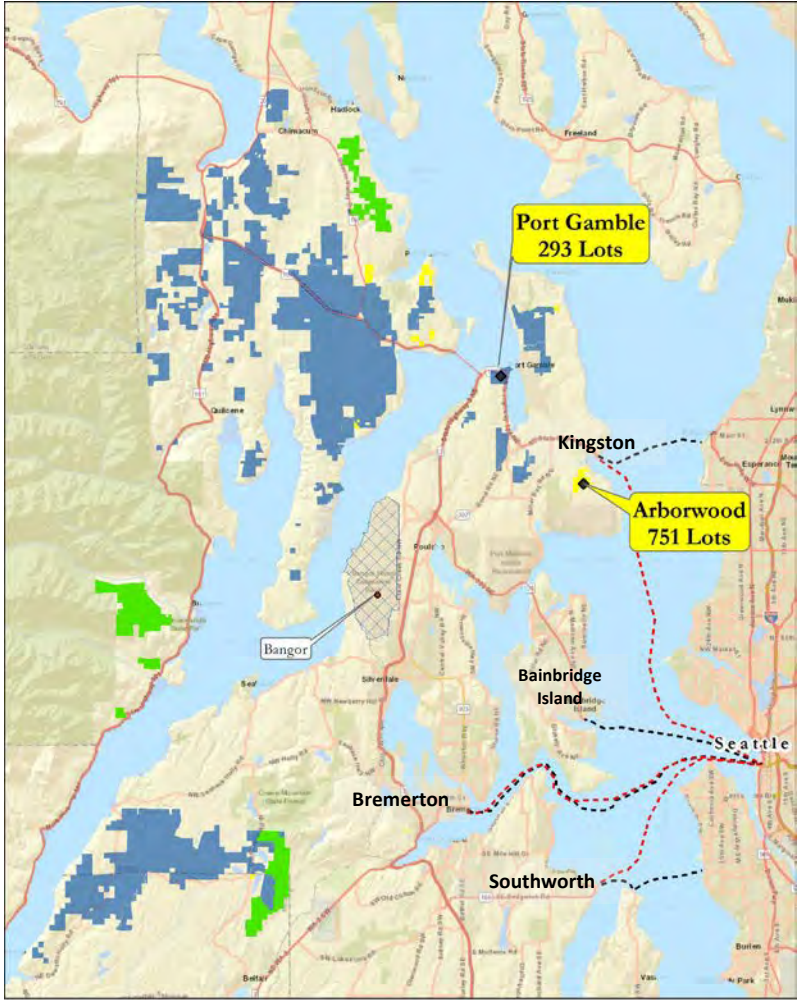
## Highlights

- Enjoying proximity to downtown Seattle via fast ferry from Kingston
- Harbor Hill: sale of final residential phase expected to close in 2019; working towards potential sale and/or development of Village Center
- Pipeline of development projects within a 30-minute ferry ride from downtown Seattle includes over 800 lots and first joint venture development project

Port Gamble Townsite



# Fast Ferry Draws North Kitsap Closer To Seattle



## New ferry connecting west Puget Sound to Seattle

- 2016 ballot initiative created three new 30-minute commuter runs
- Bremerton route is running; Kingston route started service on November 26, 2018; Southworth in 2020
- Significant impact to two North Kitsap development projects (Arborwood and Port Gamble) with a 30-minute ferry ride to downtown Seattle
- Increases development potential of Partnership timberland holdings in west Puget Sound

Pope Resources Properties      New Fast "Foot-only" Ferry  
 Olympic Property Group Properties      Existing Auto Ferry  
 Historic Conservation Easement Sales      Bangor Military Base



# Key Real Estate Projects

Project	Harbor Hill	Arborwood	Port Gamble	Conservation
Location	Gig Harbor, Washington	Kingston, Washington	Port Gamble, Washington	Western Washington
Description	330-acre mixed-use, multi-phased master planned community	360-acre master planned community 1-2 miles from the Kingston passenger ferry	Historic company town in a 350-acre redevelopment site in close proximity to the Kingston passenger ferry	Conservation easements and sales
Zoning/Uses	Commercial and residential	751 residential units; 20,000 sf commercial	293 residential units; 100,000 sf commercial	Varies
Approval Status	Master approvals obtained	Master approval obtained	Master plan submitted; plan revisions in process	Ongoing efforts to source and negotiate opportunities
Other	Sale of final residential phase of 65 lots expected to close in 2019; working towards potential sale and/or development of Village Center	Phase 1 engineering to be completed in 2019 with lot construction of Phase 1 expected in 2020	In-water portion of required millsite clean-up complete, putting largest portion behind us and paving the way for future development of townsite	27,700 acres of conservation easements and 10,000 acres of conservation land sales have generated revenue of \$59 MM since 1998; two significant sales in process for 2019 close

# Bainbridge Landing

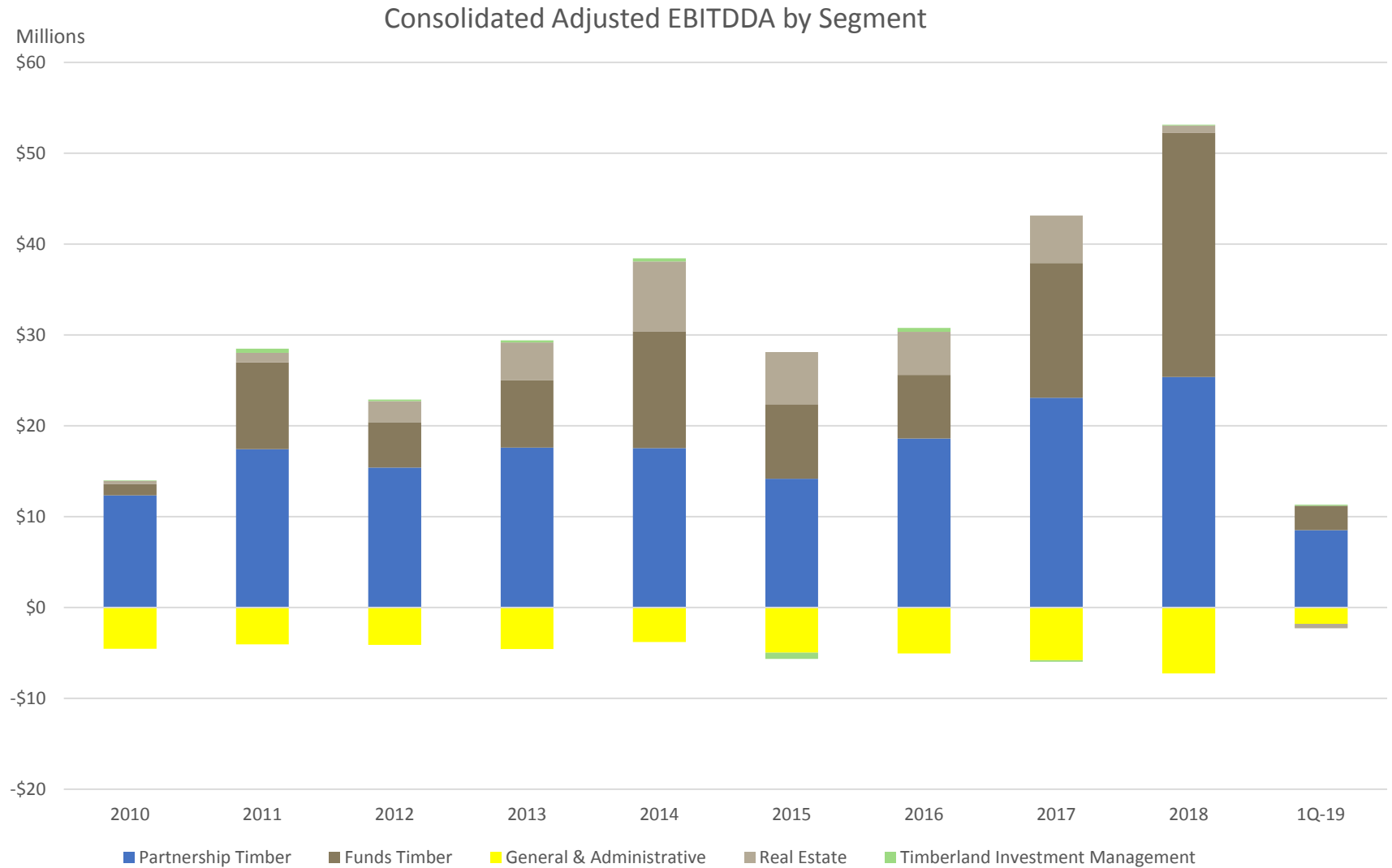
Downtown  
Seattle



Ferry  
Terminal

- Joint venture (JV) project consists of 107 apartments and 25 townhomes
- Apartment construction expected to be completed 3Q-19
- Starting townhome construction 2Q-19
- Walking distance to Bainbridge Island ferry, which takes 35 minutes to reach downtown Seattle
- JV partner providing debt guarantee
- Project capitalization (\$40.9 MM)
  - \$1.8 MM: Partnership equity
  - \$5.9 MM: Third-party equity
  - \$7.7 MM: JV partner equity
  - \$25.5 MM: Construction loan

# Consolidated Adjusted EBITDDA<sup>1</sup> by Segment



<sup>1</sup>See Glossary of Terms in Appendix A for definition of non-GAAP "Adjusted EBITDDA".

# Consolidated vs. Look-Through Financials

- “Partnership” represents the Partnership on a stand-alone basis, which consists of
  - Ownership and operation of the Hood Canal and Columbia tree farms
  - Management of the Funds (but not the ownership or operation thereof)
  - Ownership and operation of the Real Estate assets
- “Consolidated” represents the ownership and operation of everything owned by the Partnership and the Funds
  - Fee revenue earned by the Partnership (in Timberland Investment Management segment) and corresponding fee expense of the Funds (in Funds Timber segment) are eliminated in consolidation
  - The portion of these intercompany fees that are paid by third parties, and thus benefit the Partnership’s unitholders, are added back to income as part of the “*Net and comprehensive (income) loss attributable to noncontrolling interests – ORM Timber Funds*” line of the income statement
  - Partnership’s share of Fund distributions is eliminated on statement of cash flows, but these distributions are very real and serve to add to the Partnership’s cash balance and/or reduce the Partnership’s debt balance
  - This presentation is arguably confusing, but required under U.S. GAAP
- “Look-through” represents the Partnership on a stand-alone basis plus the Partnership’s 20% share of Fund II, 5% share of Fund III, and 15% share of Fund IV

# Financial Highlights

(\$ in millions)	1Q-19			2018		
	Partnership <sup>1</sup>	Consolidated <sup>1</sup>	Look-through <sup>1</sup>	Partnership	Consolidated	Look-through
Volume (MMBF)	23.4 <sup>2</sup>	37.5	25.2	59.7 <sup>2</sup>	136.7	68.7
Revenue	\$17.3	\$25.0	\$17.9	\$59.3	\$103.6	\$63.6
Net income	\$3.6	\$0.8	\$3.3	\$6.3	\$7.6	\$6.8
Cash flow from ops	\$2.8	\$5.0	\$3.0	\$19.0	\$39.8	\$21.2
Adjusted EBITDDA <sup>1</sup>	\$6.3	\$9.1	\$6.6	\$19.2	\$46.0	\$22.3
CAD <sup>1</sup>	\$2.7	n/a	n/a	\$18.5	n/a	n/a

<sup>1</sup>See Glossary of Terms in Appendix A for definition of “Partnership”, “Consolidated”, “Look-through”, “Adjusted EBITDDA, and “CAD”.

<sup>2</sup>The Partnership’s sustainable annual harvest volume was 52 MMBF in 2018. The additional volume during 2018 was partly the result of recently purchased small tract acquisitions. Merchantable volume on these small tract acquisitions (or an equal amount of volume on existing ownership) is harvested shortly after acquisition, and then the acres from the small tract acquisitions are rolled into the next iteration of our long-term harvest plan where we calculate sustainable annual harvest volume. In 4Q-18, the latest update to the Partnership’s long-term harvest plan resulted in an increase in the sustainable annual harvest level to 57 MMBF beginning in 2019.

# Pope Resources & Funds' Debt

- In October 2018, Pope Resources expanded its credit facilities with Northwest Farm Credit Services (NWFCS) to \$144 million, plus a \$50 million accordion; fixed rates on \$24 million of previously floating-rate debt
- In April 2019, Pope Resources refinanced its \$9.8 million, September 2019 fixed-rate maturity with NWFCS into three fixed-rate tranches that mature in April 2031; the refinancing is expected to result in \$205,000 of annual interest savings, net of expected patronage payments from NWFCS
- At 3/31/19: \$99.6 mm of debt outstanding; mix of 68% fixed-rate and 32% floating-rate; weighted average net interest rate of 3.77%; following the above mentioned refinancing, weighted average net interest rate is 3.58%

<i>As of March 31, 2019</i>	<b>Partnership<sup>2</sup></b>	<b>Funds</b>	<b>Look-through<sup>2</sup></b>
Total debt (millions) <sup>1</sup>	\$99.6	\$57.4	\$106.2
Interest rate <sup>3</sup>	3.77%	3.88%	3.79%
Collateral	93,000 acres of Partnership's 120,000-acre portfolio	63,000 acres of the Funds' 141,000 acres of timberland	N/A no cross collateralization

<sup>1</sup>Gross of unamortized loan fees.

<sup>2</sup>See Glossary of Terms in Appendix A for definition of "Partnership" and "Look-through".

<sup>3</sup>Interest rates reflect weighted averages and are net of expected patronage payments from NWFCS.

# Takeaways

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- 100% PNW geographic focus; highest value timberland in North America; **diverse log markets**
- Units offer **opportunity to own real assets** that generate attractive distribution yield
- MLP structure produces **favorable after-tax returns** for unitholders

# Appendix A

# Financials



# Pope Resources Consolidating Balance Sheet

(in millions)

March 31, 2019

	A	B	C	B + C	D	A + B + C + D	- C	A + B + D
	Partnership	Funds, RE JV			Eliminations	Consolidated	NCI	Look- through
		Partnership	NCI	Total				
<b>Assets</b>								
Cash & restricted cash	\$2.0	\$0.5	\$3.1	\$3.7	\$—	\$5.6	(3.1)	\$2.5
Land held for sale	6.7	—	—	—	—	6.7	—	6.7
Other current assets	5.7	0.9	5.4	6.3	(1.1)	10.9	(5.4)	5.4
Timber & roads	71.0	36.1	282.0	318.1	—	389.2	(282.0)	107.1
Timberlands	19.6	6.9	50.6	57.4	—	77.0	(50.6)	26.5
Land held for development	21.0	—	—	—	—	21.0	—	21.0
Buildings & equipment, net	5.6	—	—	—	—	5.6	—	5.6
Other assets	39.2	1.6	5.4	7.0	(38.3)	7.8	(5.4)	2.5
<b>Total assets</b>	<b>\$170.7</b>	<b>\$46.0</b>	<b>\$346.5</b>	<b>\$392.5</b>	<b>(\$39.5)</b>	<b>\$523.8</b>	<b>(\$346.5)</b>	<b>\$177.2</b>
<b>Liabilities &amp; Equity</b>								
Current liabilities (excl. current portion of long-term debt)	\$6.6	\$0.5	\$3.4	\$3.9	(\$1.1)	\$9.3	(\$3.4)	\$5.9
Total debt (current and long-term)	99.1	7.1	50.2	57.3	—	156.5	(50.2)	106.3
Other liabilities	8.2	—	0.1	0.1	—	8.3	(0.1)	8.2
<b>Total liabilities</b>	<b>113.9</b>	<b>7.6</b>	<b>53.7</b>	<b>61.3</b>	<b>(1.1)</b>	<b>174.1</b>	<b>(53.7)</b>	<b>120.4</b>
Partners' capital	56.8	38.4	292.9	331.2	(38.3)	349.7	(292.9)	56.8
<b>Total liabilities &amp; partners' capital</b>	<b>\$170.7</b>	<b>\$46.0</b>	<b>\$346.5</b>	<b>\$392.5</b>	<b>(\$39.5)</b>	<b>\$523.8</b>	<b>(\$346.5)</b>	<b>\$177.2</b>

# Pope Resources Consolidating Income Statement

(in millions)

Three Months Ended March 31, 2019

	A	B	C	B+C	D	A+B+C+ D	- C	E	A+B+D+E
	Partnership	Funds		Total	Eliminations	Consolidated	NCI Reclass*	3rd Party Fees**	Look- through
		Partnership	NCI						
Revenue	\$17.3	\$1.2	\$8.3	\$9.4	(1.7)	\$25.0	(\$8.3)	1.2	\$17.9
Cost of sales	(7.5)	(1.1)	(8.0)	(9.1)	—	(16.6)	8.0	—	(8.6)
Operating expenses	(5.2)	(0.3)	(2.2)	(2.5)	1.7	(6.1)	2.2	(1.2)	(5.0)
Operating income	4.6	(0.2)	(2.0)	(2.2)	—	2.4	2.0	—	4.4
Net interest expense	(1.0)	(0.1)	(0.5)	(0.6)	—	(1.5)	0.5	—	(1.0)
Income tax expense	—	—	(0.1)	(0.1)	—	(0.1)	0.1	—	—
Net income	\$3.6	(\$0.3)	(\$2.5)	(\$2.8)	—	\$0.8	\$2.5	—	\$3.3
Net (income) loss attributable to noncontrolling interests (NCI)						2.5	(2.5)		—
Net income attributable to unitholders						\$3.3	\$—		\$3.3
Basic and diluted weighted average units outstanding						4.325			
Basic and diluted earnings per unit						\$0.75			

\* Reclassifying the NCI portion of operations from the Funds to the appropriate income statement lines

\*\* Represents 80% of Fund II, 95% of Fund III, and 85% of Fund IV fees paid by third party investors

# Pope Resources Consolidating Statement of Cash Flows

(in \$millions)

	Three Months Ended March 31, 2019						
	A	B	C	B + C	A + B + C	- C	A + B
	Partnership	Funds, RE JV			Consolidated	NCI	Look-through
Partnership		NCI	Total				
<b>Cash flows from operating activities:</b>							
Net income (loss)	\$3.6	(\$0.3)	(\$2.5)	(\$2.8)	\$0.8	\$2.5	\$3.3
Depletion	1.6	0.5	4.4	4.9	6.5	(4.4)	2.1
Depreciation and amortization	0.2	—	—	—	0.2	—	0.2
Equity-based compensation	0.6	—	—	—	0.6	—	0.6
Capitalized development activities	(1.0)	—	—	—	(1.0)	—	(1.0)
Environmental remediation cash spend	(0.2)	—	—	—	(0.2)	—	(0.2)
Changes in working capital	(1.9)	—	0.1	0.1	(1.9)	(0.1)	(2.0)
Net cash provided by (used in) operating activities	\$2.8	\$0.2	\$2.0	\$2.2	\$5.0	(\$2.0)	\$3.0
<b>Cash flows from investing activities:</b>							
Capital expenditures	(\$0.6)	\$—	(\$0.3)	(\$0.3)	(\$0.9)	0.3	(\$0.6)
Proceeds from sale of property and equipment	0.1	—	—	—	0.1	—	0.1
Acquisition of timberland	—	(2.9)	(16.5)	(19.3)	(19.4)	16.5	(2.9)
Net cash provided by (used in) investing activities	(\$0.5)	(\$2.9)	(\$16.8)	(\$19.7)	(\$20.2)	\$16.8	(\$3.4)
<b>Cash flows from financing activities:</b>							
Line of credit borrowings	\$4.5	\$—	\$—	\$—	\$4.5	\$—	\$4.5
Line of credit repayments	(2.4)	—	—	—	(2.4)	—	(2.4)
Proceeds from issuance of long-term debt	3.0	—	—	—	3.0	—	3.0
Unit repurchases	(0.2)	—	—	—	(0.2)	—	(0.2)
Distributions paid	(4.4)	(0.4)	(3.1)	(3.5)	(7.9)	3.1	(4.8)
Distributions received	0.4	—	—	—	0.4	—	0.4
Proceeds from capital call	(3.0)	3.0	17.3	20.3	17.3	(17.3)	—
Other financing cash flows	(0.1)	—	0.1	0.1	—	(0.1)	(0.1)
Net cash provided by (used in) financing activities	(\$2.1)	\$2.6	\$14.3	\$16.9	\$14.8	(\$14.3)	\$0.5
Net increase (decrease) in cash and restricted cash	0.2	(0.1)	(0.5)	(0.6)	(0.4)	0.5	0.1
Cash and restricted cash, beginning of period	1.8	0.7	3.5	4.3	6.1	(3.5)	2.5
Cash and restricted cash, end of period	\$2.0	\$0.5	\$3.1	\$3.7	\$5.6	(\$3.1)	\$2.5

# Reconciliation of Non-GAAP Measures

(in \$millions)

	Three Months Ended March 31, 2019						
	A	B	C	B + C	A + B + C	- C	A + B
	Partnership	Funds			Consolidated	NCI	Look-through
		Partnership	NCI	Total			
<b>Net income (loss)</b>	<b>\$3.6</b>	<b>(\$0.3)</b>	<b>(\$2.5)</b>	<b>(\$2.8)</b>	<b>\$0.8</b>	<b>\$2.5</b>	<b>\$3.3</b>
Depletion	1.6	0.5	4.4	4.9	6.5	(4.4)	2.1
Depreciation and amortization	0.1	—	—	—	0.1	—	0.1
Interest expense, net	1.0	0.1	0.5	0.6	1.5	(0.5)	1.0
Income tax expense	—	—	0.1	0.1	0.1	(0.1)	—
<b>Adjusted EBITDDA</b>	<b>\$6.3</b>	<b>\$0.3</b>	<b>\$2.4</b>	<b>\$2.7</b>	<b>\$9.1</b>	<b>(\$2.4)</b>	<b>\$6.6</b>
<b>Net income (loss)</b>	<b>\$3.6</b>	<b>(\$0.3)</b>	<b>(\$2.5)</b>	<b>(\$2.8)</b>	<b>\$0.8</b>	<b>\$2.5</b>	<b>\$3.3</b>
Depletion	1.6	0.5	4.4	4.9	6.5	(4.4)	2.1
Depreciation and amortization	0.1	—	—	—	0.1	—	0.2
Capitalized development activities	(1.0)	—	—	—	(1.0)	—	(1.0)
Equity based compensation	0.6	—	—	—	0.6	—	0.6
Environmental remediation cash spend	(0.2)	—	—	—	(0.2)	—	(0.2)
Changes in working capital	(1.9)	—	0.1	0.1	(1.9)	(0.1)	(2.0)
<b>Net cash provided by operating activities</b>	<b>\$2.8</b>	<b>\$0.2</b>	<b>\$2.0</b>	<b>\$2.2</b>	<b>\$5.0</b>	<b>(\$2.0)</b>	<b>\$3.0</b>
Capital expenditures	(0.6)						
Distributions received from the Funds	0.4						
<b>Cash available for distribution (CAD)</b>	<b>\$2.7</b>						

# Reconciliation of Non-GAAP Measures

## Adjusted EBITDDA\* by Segment

(in \$millions)

	1Q-19	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Partnership Timber</b>										
Operating income - internal	\$6.9	\$21.1	\$19.0	\$15.6	\$12.0	\$15.0	\$14.6	\$12.1	\$14.0	\$9.7
Depletion, depreciation, and amortization	1.6	4.2	4.1	3.8	2.2	2.6	3.0	3.3	3.5	\$2.9
(Gain) loss on timberland sold	-	-	-	(0.8)	-	-	-	-	-	-
Adjusted EBITDDA	\$8.5	\$25.4	\$23.1	\$18.6	\$14.2	\$17.5	\$17.6	\$15.4	\$17.4	\$12.5
<b>Funds Timber</b>										
Operating income (loss) - internal	(\$2.2)	\$3.8	\$12.2	(\$1.9)	(\$0.9)	\$26.6	(\$0.7)	(\$2.0)	\$0.9	(\$1.3)
Depletion, depreciation, and amortization	4.9	23.0	15.2	9.1	8.0	10.0	8.1	7.0	8.6	\$2.5
(Gain) loss on timberland sold	-	-	(12.5)	(0.2)	1.1	(23.8)	-	-	-	(0.2)
Adjusted EBITDDA	\$2.7	\$26.9	\$14.8	\$7.0	\$8.2	\$12.9	\$7.4	\$5.0	\$9.5	\$1.0
<b>Timberland Investment Management</b>										
Operating income (loss) - internal	\$0.1	\$0.0	(\$0.2)	\$0.4	(\$0.7)	\$0.4	\$0.3	\$0.2	\$0.4	\$0.1
Depreciation and amortization	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDDA	\$0.1	\$0.1	(\$0.2)	\$0.4	(\$0.7)	\$0.4	\$0.3	\$0.2	\$0.4	\$0.1
<b>Real Estate</b>										
Operating income (loss) - internal	(\$0.6)	(\$5.0)	\$4.9	(\$3.4)	\$5.4	(\$2.6)	\$3.4	(\$11.0)	(\$0.3)	(\$0.7)
Depletion, depreciation, and amortization	0.1	0.3	0.3	0.4	0.3	0.3	0.7	0.8	0.4	0.2
Environmental remediation expense	-	5.6	-	7.7	-	10.0	-	12.5	1.0	0.9
Adjusted EBITDDA	(\$0.5)	\$0.8	\$5.2	\$4.7	\$5.7	\$7.7	\$4.2	\$2.3	\$1.1	\$0.4
<b>General &amp; Administrative</b>										
Operating loss - internal	(\$1.8)	(\$7.3)	(\$5.8)	(\$5.1)	(\$5.1)	(\$3.9)	(\$4.7)	(\$4.2)	(\$4.2)	(\$4.7)
Depreciation and amortization	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Adjusted EBITDDA	(\$1.8)	(\$7.3)	(\$5.8)	(\$5.1)	(\$5.0)	(\$3.8)	(\$4.6)	(\$4.1)	(\$4.1)	(\$4.5)

Note: Due to rounding, components may not foot or sum to total Adjusted EBITDDA presented elsewhere.

\*See Glossary of Terms in Appendix A for definition of non-GAAP "Adjusted EBITDDA".

# Historical Harvest Volume, Financial Metrics

(in \$millions)	3/31/2019 YTD	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Volume (MMBF)</b>										
Partnership	23.4	59.7	55.6	57.8	42.6	47.1	48.5	52.1	50.7	42.3
Consolidated	37.5	136.7	111.6	97.3	83.7	97.3	89.3	84.4	90.2	53.0
Look-through	25.2	68.7	61.8	62.8	48.2	54.5	56.4	58.5	58.6	44.4
<b>Revenue</b>										
Partnership	\$17.3	\$59.3	\$70.1	\$63.2	\$57.5	\$60.1	\$50.4	\$42.1	\$38.4	\$27.5
Consolidated	\$25.0	\$103.6	\$99.8	\$80.4	\$78.0	\$87.5	\$70.7	\$54.0	\$57.3	\$31.2
Look-through	\$17.9	\$63.6	\$72.9	\$65.5	\$60.4	\$64.5	\$54.6	\$45.1	\$42.3	\$28.3
<b>Net income</b>										
Partnership	\$3.6	\$6.3	\$15.4	\$6.2	\$11.2	\$7.5	\$13.3	(\$4.2)	\$8.7	\$2.3
Consolidated	\$0.8	\$7.6	\$24.4	\$2.0	\$7.5	\$31.9	\$11.7	(\$6.8)	\$8.9	\$0.8
Look-through	\$3.3	\$6.8	\$17.9	\$5.9	\$10.9	\$12.4	\$13.1	(\$4.7)	\$8.8	\$2.0
<b>EBITDDA</b>										
Partnership	\$6.3	\$13.6	\$22.3	\$11.8	\$14.2	\$11.8	\$17.4	\$1.3	\$13.9	\$6.3
Consolidated	\$9.1	\$40.4	\$49.7	\$19.0	\$21.3	\$48.4	\$24.8	\$6.3	\$23.5	\$7.5
Look-through	\$6.6	\$16.7	\$26.4	\$12.7	\$15.3	\$18.4	\$19.0	\$2.3	\$15.9	\$6.5
<b>Adj EBITDDA*</b>										
Partnership	\$6.3	\$19.2	\$22.4	\$18.7	\$14.2	\$21.8	\$17.4	\$13.8	\$14.9	\$7.2
Consolidated	\$9.1	\$46.0	\$37.2	\$25.7	\$22.4	\$34.6	\$24.8	\$18.8	\$24.4	\$8.2
Look-through	\$6.6	\$22.3	\$24.0	\$19.6	\$15.3	\$23.6	\$19.0	\$14.8	\$16.8	\$7.4

\*See Glossary of Terms in Appendix A for definition of non-GAAP "Adjusted EBITDDA".

# Historical Financial Metrics

(in \$millions)	3/31/2019 YTD	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>CF from ops</b>										
Partnership	\$2.8	\$19.0	\$20.0	\$1.6	\$14.3	\$20.8	\$10.8	\$12.1	\$12.4	\$8.0
Consolidated	\$5.0	\$39.8	\$32.0	\$5.1	\$20.2	\$30.8	\$17.9	\$16.2	\$21.7	\$9.0
Look-through	\$3.0	\$21.2	\$21.3	\$2.1	\$15.1	\$22.2	\$12.3	\$13.0	\$14.2	\$8.2
<b>CAD*</b>	\$2.7	\$18.5	\$25.1	\$1.0	\$15.3	\$33.1	\$13.7	\$11.9	\$12.8	\$8.6
<b>Cash &amp; Restricted Cash</b>										
Partnership	\$2.0	\$1.8	\$1.8	\$1.9	\$6.3	\$14.5	\$5.7	\$2.5	\$0.2	\$0.2
Consolidated	\$5.6	\$6.1	\$5.3	\$2.9	\$9.7	\$24.0	\$7.0	\$3.8	\$2.7	\$2.4
Look-through	\$2.5	\$2.5	\$2.0	\$2.0	\$6.6	\$16.4	\$5.9	\$2.7	\$0.7	\$0.7
<b>Debt</b>										
Partnership	\$99.1	\$94.1	\$70.2	\$73.1	\$27.4	\$32.4	\$32.7	\$32.8	\$34.8	\$50.4
Consolidated	\$156.5	\$151.4	\$127.5	\$130.4	\$84.7	\$89.7	\$75.7	\$43.8	\$45.8	\$50.5
Look-through	\$106.3	\$101.2	\$76.8	\$79.7	\$34.0	\$39.0	\$38.6	\$35.0	\$37.0	\$50.4
<b>Distributions</b>										
Dollars	\$4.4	\$13.9	\$12.2	\$12.2	\$11.7	\$11.0	\$8.9	\$7.5	\$5.3	\$3.2
\$ / unit	\$1.00	\$3.20	\$2.80	\$2.80	\$2.70	\$2.50	\$2.00	\$1.70	\$1.20	\$0.70

\*See Glossary of Terms in Appendix A for definition of non-GAAP "CAD".

# Glossary of Terms

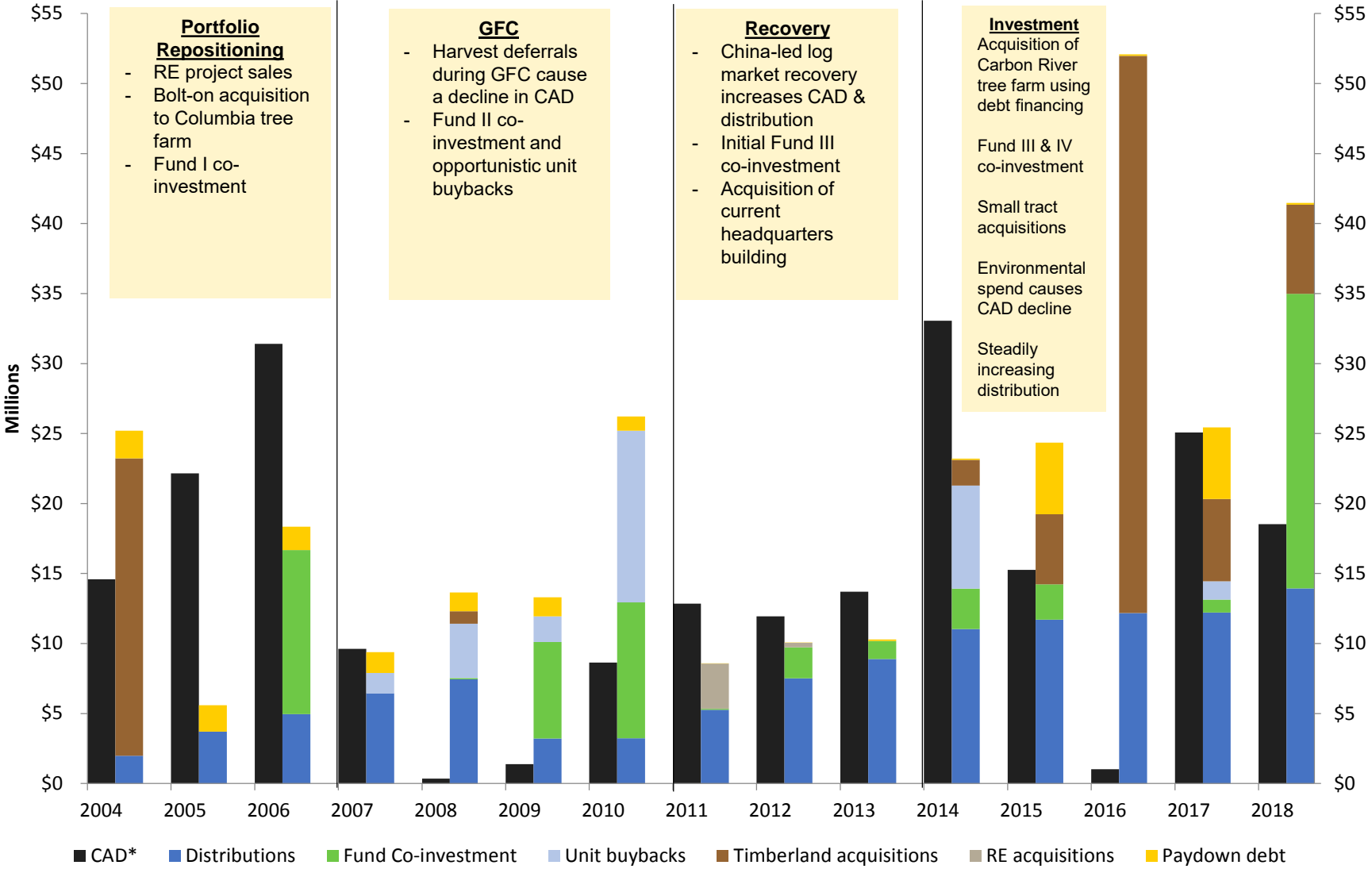
- **Partnership** represents the Partnership on a stand-alone basis, which consists of the ownership and operation of the Hood Canal and Columbia tree farms; the Management of the Funds (but not the ownership or operation thereof); and the ownership and operation of the real estate assets.
- **Consolidated** results are what GAAP require us to report, and represent the ownership and operation of everything owned by the Partnership and the Funds. It further requires the elimination of the fee revenue earned by our Timberland Investment Management segment for managing the Funds and a corresponding elimination of the fee expense incurred in our Funds Timber segment. Consolidation also results in the elimination of the distributions the Partnership receives from the Funds, but these distributions are very real and serve to add to the Partnership's cash balance and/or reduce the Partnership's debt balance.
- **Look-through** represents the Partnership on a stand-alone basis, plus the Partnership's 20% share of Fund II, 5% share of Fund III, and 15% share of Fund IV.
- **Non-controlling interests** represent the portions of the Funds owned by outside investors (i.e., not owned by the Partnership); 80% of Fund II, 95% of Fund III, 85% of Fund IV.
- **Internal** pertains to segment reporting and represents results prior to eliminations that occur in consolidation; the biggest elimination is the fee revenue in Timberland Investment Management and the corresponding fee expense in Funds Timber.
- **Adjusted EBITDDA** is a non-GAAP measure and is reconciled to GAAP in Appendix A. We define Adjusted EBITDDA as earnings before interest, taxes, depletion, depreciation, and amortization (EBITDDA), with additional adjustments that eliminate the gain or loss on timberland sold in the Partnership Timber and Funds Timber segments, and add back environmental remediation expense in the Real Estate segment. We believe Adjusted EBITDDA captures the ongoing operations of each of our segments and is effective in assessing each segment's financial performance.
- **Cash available for distribution (CAD)** is a non-GAAP measure calculated for the Partnership only that is reconciled to GAAP in Appendix A. CAD is a measure of cash generated by the Partnership that starts with consolidated cash provided by operating activities and subtracts cash provided by operating activities for the Funds and maintenance capital expenditures for the Partnership only, excluding the Funds, and adds distributions received by the Partnership from the Funds. As such, CAD represents cash generated that is available for capital allocation by the Partnership to alternatives such as distributions to unitholders, co-investing in the Funds, acquisition of timberland and real estate, buying back units, or paying down debt.



# Appendix B

## Additional Materials

# Opportunistic Capital Allocation



\*See Glossary of Terms in Appendix A for definition of non-GAAP "CAD".

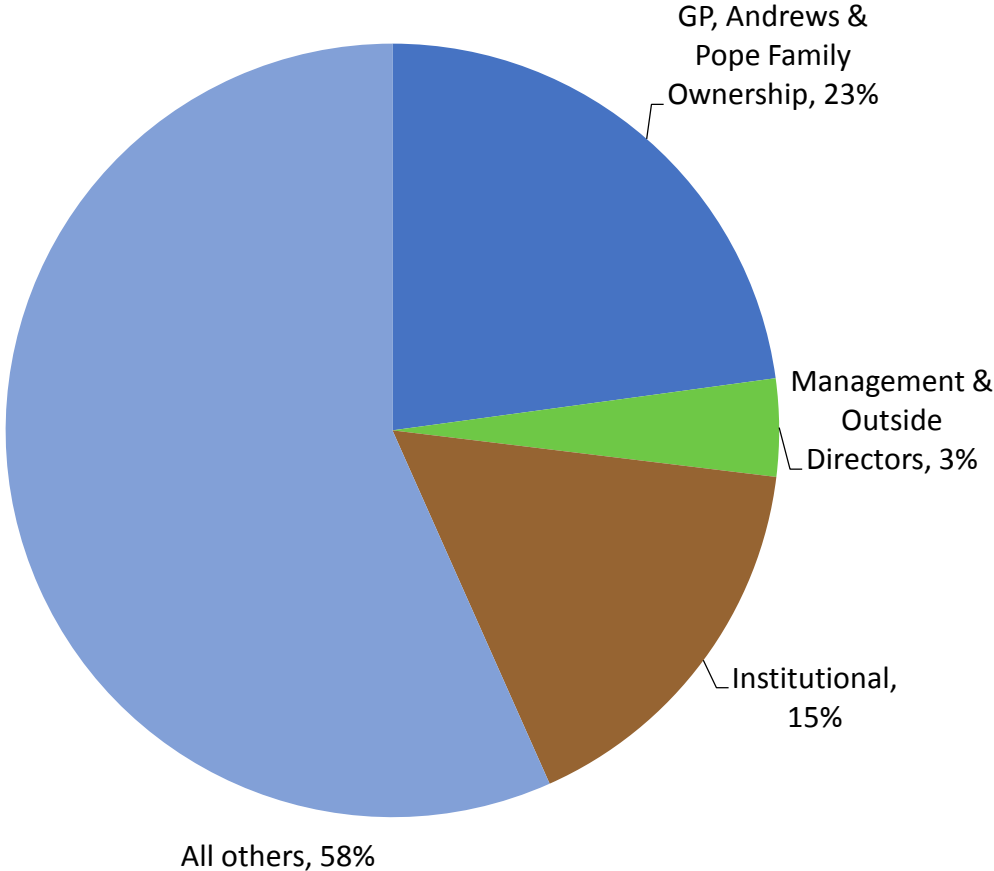
# Ownership Detail

## General Partners

- Two corporate GPs collectively own 1.4% of Pope Resources
- Each of the GPs are owned 50/50 by Pope and Andrews families
- \$150,000/year management fee, unchanged since spinoff

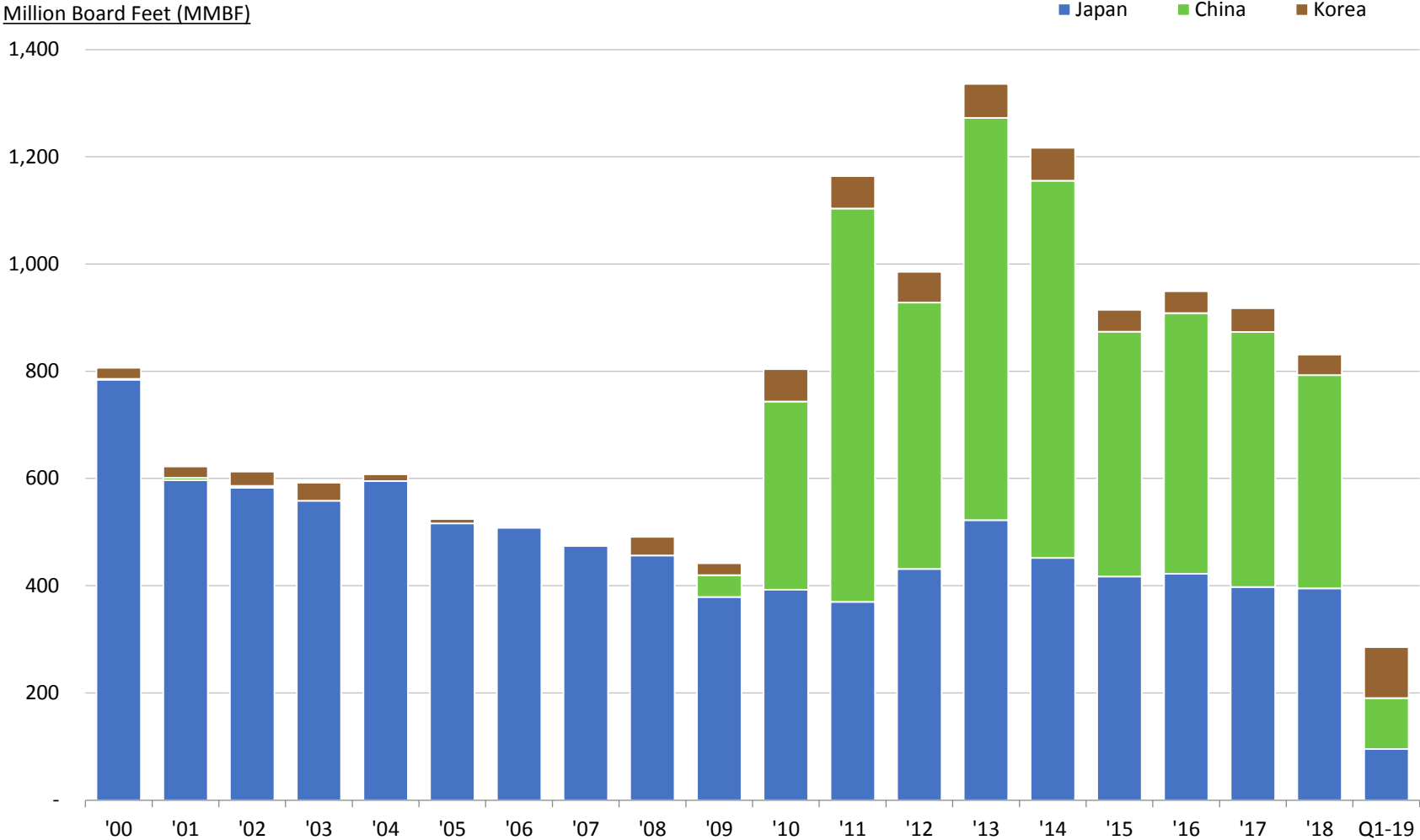
## Limited Partners

- Family, GP, Management, and outside Director ownership of 26% demonstrates alignment of interest
- Institutional ownership of 15%
- 58% held by retail investors



# Log Exports from Pacific Northwest

WA, OR, CA Breakbulk Log Exports to Asia\*



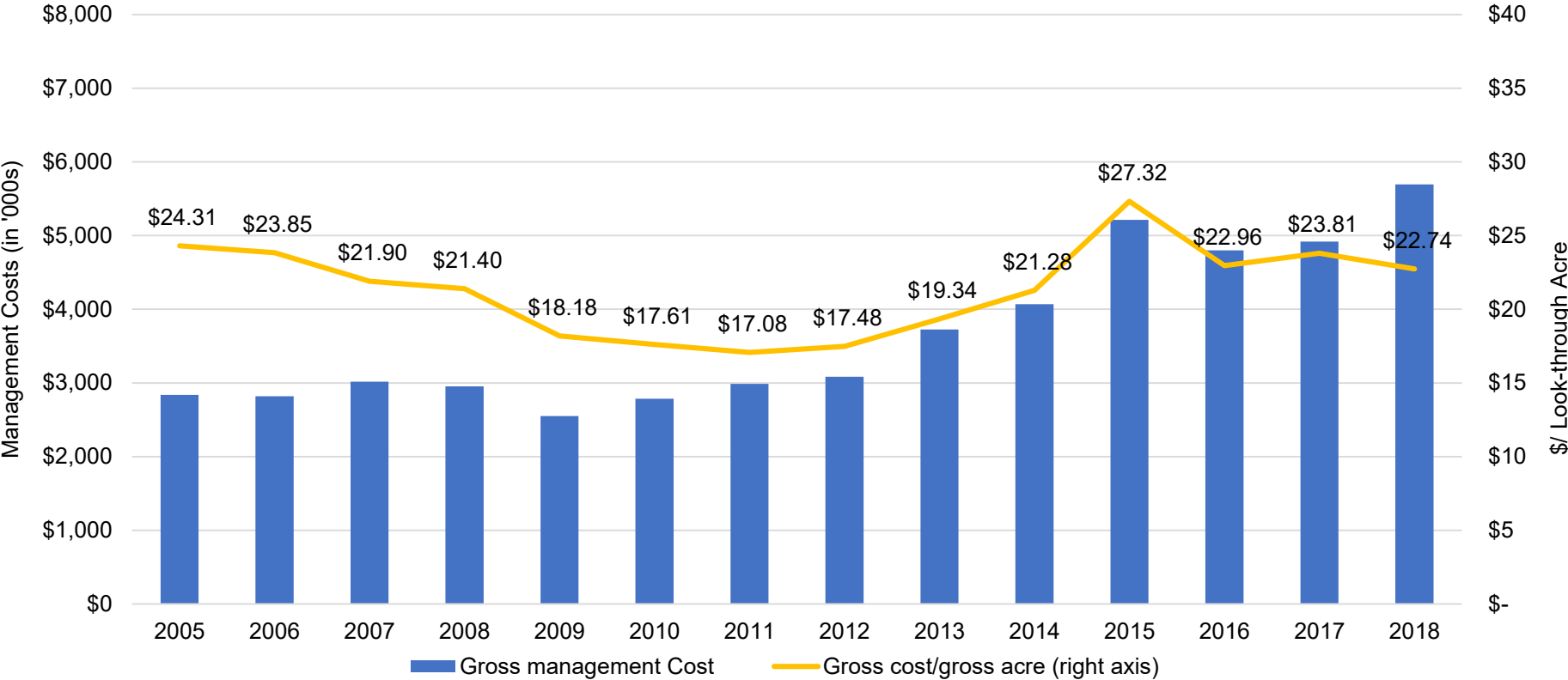
Source: Jones Stevedoring Company

\* CA was 0 until 2Q-11



# Economies of Scale: Nominal Management Costs

- Placement of Fund I and II capital (2006-10) reduced per acre management costs
- Investments in processes and systems outpaced acres acquired with Fund III capital (2012-15)
- Following Mashel (4Q-15) and Carbon River (3Q-16) acquisitions, per acre management cost is now below level prior to launch of PE Timber business



# Pacific Northwest Transactions 2016-Current

Property	Seller	Buyer	Acres (000's)	Value (\$MM)	\$/Acre
<b>2016</b>					
OR/WA - Menasha	Campbell Global	Rayonier	61	\$263	\$4,311
OR/WA - Menasha	Campbell Global	FIA	71	\$296	\$4,180
WA - Coastal	Rayonier	FIA	55	\$130	\$2,364
WA - Carbon River	HTRG	Pope Resources	7	\$32	\$4,356
WA - Willapa	HTRG	Greenwood Resources	8	\$31	\$3,735
WA - Wallace Falls	Campbell Global	Sierra Pacific Industries	12	\$52	\$4,493
WA - Cedar River	Green Diamond Resource Company	Conservation Forestry	18	\$53	\$3,003
OR - Rosboro	Rosboro	Campbell Global	93	\$341	\$3,656
<b>2017</b>					
OR - Rockaway	ORM Timber Fund II	Greenwood Resources	6	\$27	\$4,108
WA - Elkhorn	HTRG	Greenwood Resources	9	\$26	\$2,940
OR - Indian Hills	Indian Hills	HTRG	53	\$108	\$2,038
WA - Stewart Mountain	Non-industry	Conservation Forestry	15	\$41	\$2,712
WA - Tahoma	HTRG	Hampton Affiliates	7	\$36	\$5,229
WA - Tilton	FIA	BTG	12	\$43	\$3,626
<b>2018</b>					
OR - Perpetua	Perpetua Forests	ORM Timber Fund IV	20	\$34	\$1,680
WA - Pinchot North	HTRG	ORM Timber Fund IV	17	\$80	\$4,763
WA - Pinchot South	HTRG	Hampton Affiliates	16	\$73	\$4,497
OR - Bandon	FIA	Catchmark	18	\$88	\$4,894
OR - Scappoose II	BTG Pactual	Weyerhaeuser	2	\$19	\$8,003
WA - Issaquah	HTRG	ORM Timber Fund IV	9	\$32	\$3,443
WA - Green River	Conservation Forestry	BTG Pactual	15	\$45	\$2,943
OR - North Nestucca	HNRG	Greenwood Resources	12	\$58	\$4,787
OR - Trask	HNRG	Weyerhaeuser	8	\$36	\$4,650
<b>2019</b>					
WA - Beacon Rock	Weyerhaeuser	ORM Timber Fund IV	7	\$20	\$2,844
OR - God's Valley	Weyerhaeuser	Giustina Land and Timber Co.	4	\$17	\$4,349
OR - Rogue River	HNRG	Chinook Forest Partners	40	\$60	\$1,522
<b>4-Year Total</b>			<b>595</b>	<b>\$2,041</b>	<b>\$3,425</b>

Source: ORM, Timberland Markets Report, ForestWeb, Public Announcements